



# ISLINGTON SCHOOLS FORUM

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## SCHOOLS FORUM

<b>MEETING DATE</b>	<b>22 October 2020</b>
<b>AGENDA ITEM 10</b>	<b>Scheme for Financing Schools 2020-21</b>
<b>RECOMMENDATIONS</b>	<b>That maintained school forum members</b> a) Note the DfE directed changes and b) agree the final document

### 1 Background

- 1.1 Section 48 of the School Standards and Framework Act 1998 requires Local Authorities (LAs) to prepare a Scheme for Financing Schools that sets out the financial relationship between the LA and its maintained schools. The Scheme should set out the requirements for financial management and associated issues that are binding on both the LA and its schools.
- 1.2 Any proposed revision to the Scheme is subject to consultation with maintained schools before final submission to Forum for approval by members representing maintained schools.

### 2 2020-21 Update

2.1 The Department for Education (DfE) produces a model scheme that was updated in April 2020 which included directed revisions to the scheme with further additional directed revisions made on 5<sup>th</sup> August. Each directed revision is mandatory and does not require LAs to consult with their schools. Directed changes in the DfE documents are:

- Following consultation that closed on 30 September 2019, the Secretary of State directs that from 1 April 2020 the text below shall be incorporated into the schemes of all local authorities in England:
  - **Submission of financial forecasts** - From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.
    - Islington currently requires schools to submit a financial forecast in CFR format covering a further two years beyond the current year's budget. Following the directed change, this will become mandatory from 2021-22. **No changes have been made to the Islington 2020-21 Scheme for Financing Schools**
  
- Following consultation that closed on 30 September 2019, the Secretary of State directs that the text below shall be incorporated into the schemes of all local authorities in England, however due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year.
  - **Planning for deficit budgets** - Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
    - Islington requires a deficit recovery plan of any school entering into a deficit position. Following the directed change this requirement will become mandatory from 2021-22 where changes will be made to the Islington

scheme. **No changes have been made to the Islington 2020-21 Scheme for Financing Schools**

- Other important changes to the guidance - Following consultation that closed on 19 November 2019, the Secretary of State has decided that from 1 April 2020 local authority maintained schools (LAMS) will be able to join the risk protection arrangement. The DfE have not had time to conduct a consultation on a directed revision but may do so later.
  - **Insurance** - Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.
    - Islington - whilst this is not a formal directed revision, the Islington scheme has been updated to include:

*10.1.14 An alternative to taking out insurance with another provider, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. Where all primary and/or secondary schools join the RPA collectively, then the phase representatives on the Schools Forum may agree to de-delegate funding.*

2.2 The changes made are to reflect this latest guidance and in general reference the latest legislation or amend the word rather than the spirit of earlier guidance.

### **3 Recommendations**

- 3.1 It is recommended that the maintained school forum representatives note the directive changes to be included in the 2021-22 Islington Scheme for Financing Schools.
- 3.2 It is recommended that the maintained school forum representatives agree the inclusion of the RPA addition to 10.1.14 of the 2020-21 Islington Scheme for Financing Schools.
- 3.3 Should agreement be obtained from Schools Forum, the updated Scheme will be published to schools relating to the 2020-21 financial year.

Contact

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